FOR ARGUMENT

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER, TERM, 1977

No. 77-1645

TRANSAMERICA MORTGAGE ADVISORS, INC. (TAMA); KENT L. COLWELL; J. WENDELL COOMBS; JOHN R. JENSEN; RALPH D. WENGER; JOHN HAVENS; TRANSAMERICA CORPORATION; TRANSAMERICA LAND CAPITAL, INC.; AND MORTGAGE TRUST OF AMERICA,

Petitioners,

vs.

HARRY LEWIS,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF OF INVESTMENT COUNSEL ASSOCIATION OF AMERICA, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONERS

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This brief is submitted on behalf of the Investment Counsel Association of America, Inc. ("ICAA") as amicus curiae in support of the petitioners. All parties have consented in writing to the filing of this brief. (S. Ct. R. 40).

The ICAA was organized in 1937 as an association of those investment advisers engaged in rendering investment counsel

services to clients. The member firms of ICAA constitute virtually all of the larger and many of the smaller firms registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 ("Act") who are independent of the banking and brokerage industries and render continuous portfolio supervision and advice to clients on the basis of their individual needs and circumstances.

The ICAA has no interest in the essentially private aspects of the dispute; the ICAA's concern is with an affirmance of an implied right of action against investment advisers. The ICAA was an important participant in the original hearings and negotiations which culminated in the Act and therefore feels that it is well qualified to review the Act's legislative history.

ARGUMENT

I.

Section 214 of the Act Gives No Jurisdiction Over Actions at Law

Section 214 of the Act granted jurisdiction to the district courts to hear criminal prosecutions and "suits in equity to enjoin any violation of this subchapter"; it made no provision for "action at law." This differentiates the Act from all other federal securities acts. In each of the Five federal securities laws which preceded the Act, Congress conferred jurisdiction on the district courts using the same clear and unambiguous words: "actions at law brought to enforce any liability or duty created by" the statute.[1] These words which appeared in drafts of the Act were eliminated from the Act as passed. Congress purposely limited district court jurisdiction under the Act to only those

1. Securities Act of 1933, Section 22, 15 U. S. C. § 77v; Securities Exchange Act of 1934; Section 27, 15 U. S. C. § 78aa; Public Utility Holding Company Act of 1935, Section 25 § 79y; Trust Indenture Act of 1939, Section 14 U. S. C. § 80a-43. See, Appendix, Exhibit A.

enforcement proceedings expressly authorized by the Act. The Act does not provide for and Congress purposely refused to confer jurisdiction over actions at law.

The difference between the Act and the other federal securities laws is intentional. The Investment Company Act and the Investment Advisers Act were both passed by Congress on the same day, August 22, 1940, and constituted Title I and II respectively of the same bill, H. R. 10065. In Title I Congress specifically included the "actions at law" language, thus creating district court jurisdiction over such actions. In Title II, however, Congress omitted the "action at law" language. This difference in the wording of the portions of the same bill, especially when it involves crucial jurisdictional language, can only mean that Congress intended that the difference in wording be given effect and be significant.

The omission of any reference to "actions at law brought to enforce any duty or liability" in Section 214 of the Act represents a deliberate Congressional decision to withhold jurisdiction from the federal courts over private damage actions and to refrain from creating any such right. Analysis of the legislative history of the Act confirms this conclusion.

II.

A Review of the Entire Legislative History Demonstrates That Congress Intended That the District Courts Have No Jurisdiction Over Actions at Law Under the Act

A. Birth of the Act—1940

The history of the birth of the Act provides compelling evidence that Congress considered, and purposely eliminated, a grant of jurisdiction over actions at law. Early drafts of the Act contained, either directly or by reference, language regarding "actions at law."[2] These were opposed by the industry[3] and

2. See, *e.g.*, S. 3580, 76th Cong., 3d Sess. 98 (introduced by Sen. Wagner on March 14, 1940); H. R. 8935, 76th Cong., 3d Sess.

(Footnote continued on next page.)

negotiations between the industry and the SEC ensued.[4] The ICAA played an important role in those negotiations and in the drafting that followed. The result was an industry draft that deleted any references to jurisdiction over "actions at law" or to "liability". With those deletions the draft became the Act;

> "In connection with the investment advisers, I think that Robert Page who represented Scudder, Stevens & Clark . . . submitted a draft of the bill to us, which is the draft that is included in this new bill."[5]

B. Subsequent History—the 1960's and 1970's

The subsequent history of the Act also provides compelling evidence that Congress intended to withhold federal court jurisdiction over private damage actions brought under the Act. Congress, in 1960, amended the Act extensively, strengthening the SEC's enforcement powers.[6] No change to § 214 was proposed[7] and no change was made. In 1970 the Act was amended

(Footnote continued from preceding page)

98 (introduced by Cong. Lea on March 14, 1940). See, Appendix, Exhibit B. a chart which traces the modifications in the jurisdictional sections of the Act and the Investment Company Act from March through August of 1940 and Exhibit C. which contains copies of the complete text of each draft of the jurisdictional sections.

3. Investment Trusts and Investment Companies: Hearings on H. R. 10065 before a Subcomm. of the House Comm. on Interstate and Foreign Commerce, 76th Cong., 3d Sess. (1940) [hereinafter "House Hearings"] at 88-90, 92. Investment Trusts and Investment Companies: Hearings on S. 3580 Before a Subcomm. of the Senate Comm. on Banking and Currency, 76th Cong., 3d Sess. (1940) [hereinafter "Senate Hearings"] at 712-723, 737-754.

4. House Hearings at 88-90, 92; S. Rep. No. 1775, 76th Cong., 3d Sess. 21 (1940).

5. *Senate Hearings* at 1124.

6. The following sections of the Act were amended in 1960; 202(a)(12), 202(a)(18), 203(c)(1)(f), 203(c)(2), 203(d), 210(b), 211(a), and 217. Three sections or subsections were added: 206(4), 208(d) and 222.

7. The SEC made "extensive proposals." S. Rep. No. 1760, 86th Cong. 2d Sess. 2 (196).

again; its companion statute, the Investment Company Act, was also amended. Although a carefully delimited express right of action against an investment advisers to a mutual fund was added to the Investment Company Act,[8] no provision for jurisdiction over "actions at law" was added to the Act. Finally, in 1975 the SEC proposed that § 214 be amended to add "actions at law brought to enforce any liability or duty created by [the Act]"[9] and hearings were held on the proposal.[10] No change was made.

In sum, the legislative history demonstrates that Congress had ample opportunity to expressly include the "action at law" language in the Act. Its refusal to do so can only mean that Congress intended to withhold federal court jurisdictions over private damage actions brought under the Act.

III.

No Private Right of Action Under the Act Should Be Implied

In *Cort* v. *Ash*, 422 U. S. 66 (1975), this Court set down the tests for determining whether a private remedy is implicit in a statute not expressly providing such remedy. These tests are:

> "First, is the plaintiff 'one of the class for whose *especial* benefit the statute was enacted,' . . . that is, does the statute create a federal right in favor of the plaintiff? Second, is there any indication of legislative intent, explicit or implicit, either to create such a remedy or to deny one? . . . Third, is it consistent with the underlying purposes of the legis-

8. Section 36(b), Investment Company Act.

9. Investment Advisers Act Release No. 491 (December 15, 1975), [1975-1976 Transfer Binder] Fed. Sec. L. Rep. (CCH) ¶ 80,341.

10. Investment Advisers Amendments; Hearings on S. 2849 Before the Subcomm. on Securities of the Senate Comm. on Banking, Housing and Urban Affairs, 94th Cong., 2d Sess. (1976); Investment Advisers Act Amendments: Hearings on H. R. 13737 Before the Subcomm. on Consumer Protection and Finance of the House Comm. on Interstate and Foreign Commerce, 94th Cong., 2d Sess. (1976).

> lative scheme to imply such a remedy for the plaintiff? . . . And finally, is the cause of action one traditionally relegated to state law, in an area basically the concern of the States, so that it would be inappropriate to infer a cause of action based solely on federal law?" 422 U. S. at 78.

Applying *Cort*, no private right of action ought to be implied under the Act.

"Indication of Legislative Intent"

The clearest indication that Congress did not intend to create such rights is the clear and deliberate Congressional refusal to include in the Act the very language which would have given the federal courts the jurisdiction to entertain actions at law.[11] The implication of a private right would ignore the distinctive legislative history of the Act.

"Legislative Scheme"

A private right of action is inconsistent with the legislative scheme. The structure of the Investment Advisers Act contemplates limited regulation of the industry through SEC enforcement proceedings and through the threat of criminal penalties. Section 203, 15 U. S. C. § 80 B-3, provides for registration of investment advisers which fulfills the census-taking purpose of the Act,[12] by providing the information needed by the SEC to effectuate regulation of the industry.[13]

Section 209(a) of the Act, 15 U. S. C. § 80b-9(a), provides that enforcement is to be by the *Commission*.

> "Whenever it shall appear *to the Commission* . . . that the provisions of this subchapter or of any rule or regulation prescribed under the authority thereof, have been or are about to be violated by any person, it may *in its discretion*

11. See, discussion in Sections I and II of this brief.

12. *Senate Hearings* at 48, 51, 319.

13. The same function is served by the periodic reports provision in Section 205, 15 U. S. C. § 806-4.

> require . . . such persons to file with it a statement . . . ." (emphasis added).

Similarly § 209(e) provides that:

> "Whenever it shall appear *to the Commission* that any person has engaged, is engaged, or is about be engage in any act or practice constituting a violation of any provision of this subchapter, . . . it may *in its discretion* bring an action . . . *to enjoin* . . ." (emphasis added).

Section 210, 15 U. S. C. § 80B-10, limits disclosure by the Commission that an investigation is being conducted.

The Act reflects a deliberate Congressional balancing of the interests of the investment advisory industry and the interests of its clients.[15] The implication of a private right of action under the Act would destroy that balance by substantially altering the pattern of regulation of an industry which, as recently as December of 1975, the Securities and Exchange Commission advised Congress "[can have] substantial impact . . . on both the economy and the public investor . . ."[16] For 37 years prior to *Abrahamson* v. *Fleschner*, 568 F. 2d 862 (2d Cir. 1977), *cert. denied* ..... U. S. ....., 98 S. Ct. 2253 (1978), an unrestricted private right of action was not a part of the pattern of regulation. During that period Congress on three occasions (1960, 1970, 1975) re-examined the regulatory scheme and did not articulate such a right.

If Congress had intended a general private right of action against investment advisers, why, in 1970, did it merely enact the limited right afforded by Section 36(b) of the Investment Company Act of 1940 and make no change in Section 206 of the Advisors Act? We believe that in 1970 Congress reaffirmed

14. See *House Hearings* at 89-90, 95, S. Rep. No. 1775, 76th Cong., 3d Sess. 20-21 (1940) (Remarks of Rep. Wolverton).

15. *Senate Hearings* at 1124.

16. Statement of the Securities and Exchange Commission in support of Proposed Amendments to the Investment Advisers Act of 1940, transmitted to Congress by Chairman Hills in December, 1975.

its longstanding decision not to create a private right of action under Section 206.

In 1970 Congress did expressly consider and create a private right of action in this industry but it carefully circumscribed that right.[17] In suits relating to mutual fund advisory fees, Congress (1) placed the burden of proof of breach of fiduciary duty on the plaintiff (§ 36(b)(1)); (2) provided that action by the board and shareholders of the investment company (the client) is to be given such consideration by the court as is deemed appropriate under all the circumstances (§ 36(b)(2)); (3) required that no action be brought or maintained against any one other than the recipient of the advisory fee and that no damages or other relief be granted against any person other than the recipient; (4) provided that no award of damages shall be recoverable for any period prior to one year before the action was instituted and (5) limited the award of damages to "actual damages resulting from the breach of fiduciary duty", in no event, to exceed the amount of compensation or payment received from the client (§ 36(b)(3)). Thus, in creating a private right of action for the group of clients which has the broadest public involvement—an investment company—Congress once again balanced industry need with client interest and circumscribed the private right. It would be anomalous for the courts to afford private clients greater protection through an implied right of action than that which Congress afforded to the thousands of public shareholders of mutual funds.

"State Law"

Omission of jurisdiction over "actions at law" is implicit recognition of the existence of adequate remedies under state law for specfic breaches of an adviser's duty.

Thus, applying *Cort*, implication of a private right of action is unjustified.

17. Investment Company Act of 1940, § 36(b), 15 U. S. C. § 80a-35(b).

CONCLUSION

The creation of this implied private right must be viewed in light of this Court's admonition in *Ernst & Ernst* v. *Hochfelder*, 425 U. S. 185, 211 (1976):

> "We would be unwilling to bring about this result, absent *substantial support* in the legislative history, and there is none." (Emphasis supplied)

Given the absence of the words "actions at law," given the careful Congressional circumscription of the only express right of action against investment advisers, given the fact that the Act (unlike any other Securities Act) contains no provision for damages, given a foreseeable flood of cases which, under the rubric of "fraud", will inevitably challenge the judgments of the investment advisers with the benefit of hindsight, and given the importance of this industry to the national economy, unless "substantial support" is found in the legislative history (and we do not find it), this Court should put an end to this recently fashioned implied private rights of action. (*See, SIPC* v. *Barbour*, 421 U. S. 412 (1975)).

If a private right of action is an appropriate remedy in this industry, that right of action is for Congress to fashion.

For the foregoing reasons, the decision of the Ninth Circuit Court of Appeals in *Transamerica Mortgage Advisors, Inc. et al.* v. *Lewis*, 575 F. 2d 237 (9th Cir. 1978) should be reversed.

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EXHIBIT A.

JURISDICTIONAL PROVISIONS OF THE SECURITIES LAWS

Securities Act of 1933

Section 22, 15 U. S. C. § 77v, provides:

Jurisdiction of offenses and suits

(a) The district courts of the United States, and the United States courts of any Territory, shall have jurisdiction of offenses and violations under this subchapter and under the rules and regulations promulgated by the Commission in respect thereto, and, concurrent with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by this subchapter. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the offer or sale took place, if the defendant participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 225 and 347 of Title 28. No case arising under this subchapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States. No costs shall be assessed for or against the Commission in any proceeding under this subchapter brought by or against it in the Supreme Court or such other courts.

(b) In case of contumacy or refusal to obey a subpena issued to any person, any of the said United States courts, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission may issue to such person an order requiring such person to appear before the Com-

mission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

Securities Exchange Act of 1934

Section 27, 15 U. S. C. § 78aa, provides:

Jurisdiction of offenses and suits

The district courts of the United States, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive jurisdiction of violations of this chapter or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by this chapter or the rules and regulations thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enforce any liability or duty created by this chapter or rules and regulations thereunder, or to enjoin any violation of such chapter or rules and regulations, may be brought in any such district or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 225 and 347 of Title 28. No costs shall be assessed for or against the Commission in any proceeding under this chapter brought by or against it in the Supreme Court or such other courts.

Public Utility Holding Company Act of 1935

Section 25, 15 U. S. C. § 79y, provides:

Jurisdiction of offenses and suits

The District Courts of the United States, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this chapter or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this chapter or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this chapter or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 225 and 347 of Title 28, and section 7 of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this chapter brought by or against the Commission in any court.

Trust Indenture Act of 1939

Section 322, 15 U. S. C. § 77vvv, provides:

Court review of orders; jurisdiction of offenses and suits

(a) Orders of the Commission under this subchapter (including orders pursuant to the provisions of sections 77eee(b) and 77ggg(c) of this title) shall be subject to

review in the same manner, upon the same conditions, and to the same extent, as provided in section 77i of this title, with respect to orders of the Commission under the Securities Act of 1933.

(b) Jurisdiction of offenses and violations under, and jurisdiction and venue of suits and actions brought to enforce any liability created by, this subchapter, or any rules or regulations or orders prescribed under the authority thereof, shall be as provided in section 77v(a) of this title.

Investment Company Act of 1940

Section 44, 15 U. S. C. § 80a-43, provides:

Jurisdiction of offenses and suits

The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this subchapter or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this subchapter or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 80a—33 of this title, or upon a failure to file a report or other document required to be filed under this subchapter, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this subchapter or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 1254, 1291,

1292, and 1294 of Title 28. No costs shall be assessed for or against the Commission in any proceeding under this subchapter brought by or against the Commission in any court. The Commission may intervene as a party in any action or suit to enforce any liability or duty created by, or to enjoin any noncompliance with, section 80a—35(b) of this title at any stage of such action or suit prior to final judgment therein.

Investment Advisers Act of 1940

Section 214, 15 U. S. C. § 80b-14, provides:

Jurisdiction of offenses and suits

The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this subchapter or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this subchapter or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this subchapter or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 225 and 347 of Title 28, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this subchapter brought by or against the Commission in any court.

EXHIBIT B

APPENDIX B

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
3/12/40	Committee Print S.	Jurisdiction of Offenses and Suits Sec. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Application of Title I Sec. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.
3/14/40	S. 3580	Jurisdiction of Offenses and Suits Sec. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Application of Title I Sec. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.
3/14/40	H.R. 8935	Jurisdiction of Offenses and Suits Sec. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Application of Title I Sec. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.
5/13/40	Framework of Proposed Investment Company Bill (Title I)	Court Review of Orders: Jurisdiction of Offenses and Suits (Sections 39, 40 Present Bill) Sec. 31. The provisions of sections 39 and 40 in the present Bill are satisfactory.	[No comparable "Framework" for the Investment Advisers Act was found]

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
5/24/40	Confidential Committee Print S. 3580	Jurisdiction of Offenses and Suits Sec. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Jurisdiction of Offenses and Suits Sec. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
5/28/40	Confidential Committee Print S. 3580	Jurisdiction of Offenses and Suits Sec. 44. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Jurisdiction of Offenses and Suits Sec. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
5/31/40	Confidential Committee Print S. 3580	Jurisdiction of Offenses and Suits Sec. 44. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.	Jurisdiction of Offenses and Suits Sec. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
			jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
6/4/40	Confidential Committee Print S. 3580	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	Jurisdiction of Offenses and Suits Sec. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
6/6/40	Confidential Committee Print S. 3580	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and,	Jurisdiction of Offenses and Suits ~~Sec. 213~~ 214. The district courts of the United States, ~~the Supreme Court of the District of Columbia~~, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder,

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
		concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
6/6/40	S. 4108	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	Jurisdiction of Offenses and Suits Sec. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
6/12/40	H.R. 10065	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial	Jurisdiction of Offenses and Suits Sec. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
		courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	violation of this title or the rules, regulations, or orders thereunder.
6/18/40	H.R. 10065 (Reported with amendments)	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	Jurisdiction of Offenses and Suits Sec. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
7/30/40	S. 4108 amendments	No change in Sec. 44. from S. 4108 of 6/6/40	No change in Sec. 214. from S. 4108 of 6/6/40
8/5/40	H.R. 10065 On Second Reading	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations	Jurisdiction of Offenses and Suits Sec. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or

Date	Document Designation	Title I (Investment Company Act)	Title II (Investment Advisers Act)
		of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.
8/22/40	Public Law No. 768	Jurisdiction of Offenses and Suits Sec. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder.	Jurisdiction of Offenses and Suits Sec. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder.

EXHIBIT C.

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5	Confidential Committee Print S. 3580	May 24, 1940	A19-20
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10	S. 4108	June 6, 1940	A30-31
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12	H. R. 10065 (Reported with Amendments)	June 18, 1940	A34-36
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15	Public Law No. 768	August 22, 1940	A40-41

A15

[COMMITTEE PRINT]

MARCH 12, 1940

76TH CONGRESS
3D SESSION

S.

IN THE SENATE OF THE UNITED STATES

MARCH ....., 1940

Mr. ..... introduced the following bill; which was read twice and referred to the Committee on

JURISDICTION OF OFFENSES AND SUITS

SEC. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

APPLICATION OF TITLE I

SEC. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

APPLICATION OF TITLE I

SEC. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.

76TH CONGRESS
3D SESSION

H. R. 8935

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 1940

Mr. LEA introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

APPLICATION OF TITLE I

SEC. 203. The provisions of the following sections of title I are hereby incorporated in this title as though fully set forth herein: Sections 3, 34(b), 35(b) and (c), 36, 37(e) and (f), 38, 39, 40, 41, 42, 43, 45, 46, and 47.

May 13, 1940.

FRAMEWORK OF PROPOSED INVESTMENT COMPANY BILL

(Title I)

Embodying Suggestions Resulting from Conferences Between Securities and Exchange Commission and Representatives of Investment Companies.

COURT REVIEW OF ORDERS: JURISDICTION OF OFFENSES AND SUITS

(Sections 39, 40 Present Bill)

The provisions of Sections 39 and 40 in the present Bill are satisfactory.

[The "framework" deals only with the proposed Investment Company Bill. There is no comparable framework for the Investment Advisers Act.]

[CONFIDENTIAL COMMITTEE PRINT]

MAY 24, 1940

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 40. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

JURISDICTION OF OFFENSES AND SUITS

SEC. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder,

and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit, or action to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

[CONFIDENTIAL COMMITTEE PRINT]

MAY 28, 1940

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

JURISDICTION OF OFFENSES AND SUITS

SEC. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, con-

currently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

[CONFIDENTIAL COMMITTEE PRINT]

May 31, 1940

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

MR. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. (a) The provisions of section 25 of the Public Utility Holding Company Act of 1935 are hereby incorporated in this title as though fully set forth herein.

(b) Any criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his or its principal office or place of business.

JURISDICTION OF OFFENSES AND SUITS

SEC. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, con-

currently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

[CONFIDENTIAL COMMITTEE PRINT]

June 4, 1940

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

MR. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district

wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. 213. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

[CONFIDENTIAL COMMITTEE PRINT]

JUNE 6, 1940

76TH CONGRESS
3D SESSION

S. 3580

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, MARCH 4), 1940

Mr. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

[Omit the part struck through and insert the part printed in italic]

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the

defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. ~~213~~ *214*. The district courts of the United States, ~~*the Supreme Court of the District of Columbia,*~~ and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240

of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

Calendar No. 1866

76TH CONGRESS
3D SESSION

S. 4108

[Report No. 1775]

IN THE SENATE OF THE UNITED STATES

JUNE 6 (legislative day, MAY 28), 1940

MR. WAGNER introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

JUNE 6 (legislative day, MAY 28), 1940

Reported by MR. WAGNER, without amendment

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such

district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

76TH CONGRESS
3D SESSION

H. R. 10065

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 1940

MR. COLE of Maryland introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

---

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served

in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

Union Calendar No. 998

76TH CONGRESS
3D SESSION

H. R. 10065

[Report No. 2639]

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 1940

MR. COLE of Maryland introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

JUNE 18, 1940

Reported with amendments, committed to the Committee of the Whole House on the state of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder ,and, concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act

or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the de-

fendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

76TH CONGRESS
3D SESSION

S. 4108

IN THE SENATE OF THE UNITED STATES

JULY 30 (legislative day, JULY 29), 1940

Ordered to lie on the table and to be printed

[There were no changes in the jurisdictional sections of either the Investment Company Act or the Investment Advisers Act in the amendments of July 30, 1940.]

Calendar No. 2111

76TH CONGRESS
3D SESSION

H. R. 10065

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1940

Read twice and ordered to be placed on the calendar

JURISDICTION OF OFFENSES AND SUITS

SEC. 44. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and concurrently with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. A criminal proceeding based upon a violation of section 34, or upon a failure to file a report or other document required to be filed under this title, may be brought in the district wherein the defendant is an inhabitant or maintains his principal office or place of business. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of

which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

JURISDICTION OF OFFENSES AND SUITS

SEC. 214. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title or the rules, regulations, or orders thereunder, and, concurrently with State and Territorial courts, of all suits in equity to enjoin any violation of this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enjoin any violation of this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended, and section 7, as amended, of the Act entitled "An Act to establish a court of appeals for the District of Columbia", approved February 9, 1893. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against the Commission in any court.

[PUBLIC—No. 768—76TH CONGRESS]

[CHAPTER 686—3D SESSION]

[H. R. 10065]

AN ACT

To provide for the registration and regulation of investment companies and investment advisers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

JURISDICTION OF OFFENSES AND SUITS

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